

STATE OF CALIFORNIA

**CALIFORNIA POLLUTION CONTROL
FINANCING AUTHORITY**

915 Capitol Mall, Room 457
Sacramento, CA 95814
Telephone: (916) 654-5610
Telecopier: (916) 657-4821



January 8, 2009

MEMBERS:
Bill Lockyer, Chair
State Treasurer

John Chiang
State Controller

Michael C. Genest, Director
Department of Finance

Re: Monthly Reporting Policy

EXECUTIVE DIRECTOR:
Michael Paparian

Dear CalCAP Lender:

All Participating Financial Institutions (PFIs) with internally held loan loss reserve accounts are required to submit a monthly bank statement to the California Capital Access Program (CalCAP) Trustee Bank and California Pollution Control Financing Authority, either by mail or electronically. The bank statements or electronic access should provide a detailed description of the account and a complete summary of all transactions for the period covered. Failure of the PFIs to comply more than two times within a six month period or more than three times in a 12 month period with the reporting requirements will result in mandatory transfer of loss reserve accounts to the CalCAP Trustee Bank. Regulation §8073 (b) states "the Loss Reserve Account shall, in the Authority's sole determination, be held by the Participating Financial Institution or by a Program Trustee."

Thank you for your cooperation. If you have any questions, please contact Aaron Todd, Program Manager, at (916) 654-5740.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael Paparian', with a long horizontal line extending to the right.

Michael Paparian
Executive Director

cc: Mark Golder, Vice President
Bank of New York Mellon Trust Company, N.A.